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Orlando's own pawn star John Thedford digs for gold again with new chain of stores

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Two of Central Florida’s dominant pawn shop chains got their start under the guidance of serial entrepreneur John Thedford — and now he’s back for another round.

The 56-year-old who helped build La Familia and Value Pawn have spent the past three years building a new company and acquiring stores across the country, trying to replicate his success in what he says is an ignored corner of the marketplace.

He doesn’t have any stores in Central Florida yet, but his privately held company Smart Financial has purchased 63 stores across the U.S. and Canada. A whiteboard in his office in southern Orlando lists about two dozen acquisition targets — small pawn shop chains he thinks could flourish under his philosophy.

Already, he said it’s the third largest pawn shop chain the U.S.

“We’ve had to change the perception of what people think about pawn shops,” Thedford said. “Our stores are clean, safe and our employees are paid well.”

With Smart Financial, Thedford is returning to a field he’s thrived in, even though pawn shops have struggled elsewhere.

In 2008 he sold the 67-location Value Pawn & Jewelry chain for \$130 million to Texas-based EZ Corp. He started another Orlando-based chain after that called La Familia and left it in 2011. La Familia now has about 30 locations in Central Florida and Puerto Rico.

Investors pumped \$125 million into Smart Financial in 2017, he said.

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“There are about 10,000 pawn shops in the United States, a number that has been consistent over the past decade, according to the National Pawnbrokers Associations. About 85 percent are owned by independent business owners, and the other 15 percent by national corporations such as Cash America International, the country’s largest player in the space.

The industry has been hard hit by online second-hand marketplaces such as eBay, Craigslist and Let Go, as well as the shrinking demand for jewelry, according to a 2018 report from business research firm IbisWorld.

“Consumers who fall below the poverty line represent the majority of industry customers, and consumers who are unemployed are more likely to use pawn services for emergency financial needs,” the report said. “While merchandise sales have grown in line with rising consumer spending, many consumers are returning to the workforce and no longer require pawn loans, limiting industry performance.”

But pawn shops are still around because they fulfill the same need they always have, quick access to cash for those with valuable belongings, said Jordan Birnholtz, co-founder of [PawnGuru](#), a tech company that tries to help match potential pawn customers to shops that will give them the best prices.

“People need quick access to cash,” Birnholtz said. “And when you pawn something, the worst that can happen is you lose your stuff. It’s not going to send you into bankruptcy.”

About 6.5 percent of Americans still don’t have a primary bank account, according to federal data. For those, particularly those living paycheck to paycheck, access to credit is difficult.

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The model for pawn shops hasn’t changed much in decades, with pawnbrokers loaning cash at 10- to 20-percent interest. Items such as jewelry, tools and electronics are used as collateral. If customers don’t pay back their loans, their merchandise is put up for sale. At Thedford’s shops, more than 90 percent of merchandise is redeemed.

But there have been major changes. Thedford said pawn shops have tried to change the perception that they are full of stolen merchandise. Most states, including Florida, have passed laws that require pawn customers to show identification.

“We take a picture of their driver’s license and their thumbprint to go along with anything you bring in,” Thedford said. “A pawn shop is the last place to bring something stolen. It’s much easier to sell stolen goods online.”

Even though Thedford has built his career in pawn shops, he’s an accountant by trade and a business management enthusiast at heart. He’s tried to emulate Smart Financial after companies like Costco, famous in the business world for paying high wages to workers.

Smart Financial’s pawn shop employees start at \$17 an hour, plus commission along with benefits, he said.

The brands now under Smart Financial’s ownership includes Cash Canada, Pawn 1st, National Pawn & Jewelry, spread across the country from Arizona to North Dakota.

He thinks he can grow the chain by acquiring underperforming, independent pawn shops or small chains, then applying his management philosophy. Smart Financial has 650 employees, including 40 at the corporate headquarters near Universal Studios Orlando.

“We have a high-wage strategy, and we think that makes our employees more engaged and we end up with better presentation,” he said. “Our stores are clean and bright and our employees friendly. You have to pay more than others to get that.”